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IN THE

Supreme Court of the United States

October Term, 1937

No. [REDACTED]

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GENERAL TALKING PICTURES CORPORATION,

Petitioner.

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**WESTERN FILMATIC COMPANY, INC., FILMOTICAL REPRODUCTION
PRODUCTS, INC. and AMERICAN TELEGRAPH & TELEGRAM
COMPANY,**

Respondents.

**REPLY BRIEF FOR PETITIONER IN SUPPORT OF
PETITION FOR WRIT OF CERTIORARI**

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Of Counsel.**

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IN THE

Supreme Court of the United States

October Term, 1937

No. 357

GENERAL TALKING PICTURES CORPORATION,

Petitioner,

v.

WESTERN ELECTRIC COMPANY, INC., ELECTRICAL RESEARCH
PRODUCTS, INC., and AMERICAN TELEPHONE & TELEGRAPH
COMPANY,

Respondents.

REPLY BRIEF FOR PETITIONER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

1. Respondents seek to avoid a review of this case by this Court by advancing the same contention that has been advanced by each of the patent owners in the cases decided by this Court and cited in the petition, where unsuccessful efforts were made by the patent owner to impose a restriction of some sort on a patented device after it had been sold, and consideration paid therefor. Thus, respondents make the assertion, that the sale of the patented device in the present case, by one licensed under the patents to manufacture and sell, was outside of the scope of the license, and therefore the manufacture as well as the sale constituted an infringement of the patent just as though a license had never existed. Exactly this situation existed, and the same contention was made, in each of the cases cited.

by petitioner in support of its petition. For example, in the *Motion Picture Patents Case*, 243 U. S. 502 which is closely analogous to the present situation both as to subject matter and facts, the licensee under the patent *exceeded his license*, and it was because thereof that a suit for *infringement* ensued. There, as here, it was contended that the licensee, having *exceeded his license*, his act was not a licensed act, and he stood as an infringer.

In that case this Court said (p. 516):

“ * * * it is not competent for the owner of a patent by notice attached to its machine to, in effect, extend the scope of its patent monopoly by restricting the use of it to materials necessary in its operation * * * ”

Similarly, in the cases involving a restriction on place of use, *e. g.*, *Adams v. Burke*, 84 U. S. 453, the licensee knowingly sold the patented device for use outside of the territory to which his license was restricted. There, again, it was contended by the patentee, as is here contended, that the sale was outside of the license, and that the licensee, therefore, stood in the shoes of an infringer just as though no license existed. In the later case of *Hobbie v. Jennison*, 149 U. S. 355, 363, this Court expressly held

“that *neither the actual use of the pipes in Connecticut, or a knowledge on the part of the defendant that they were intended to be used there, can make him liable.*”

Similarly the same contentions were made on attempted restrictions as to resale price (*e. g.*, *Strauss v. Victor*, 243 U. S. 90) where the resale price was specified by the license, and sales made of the patented device at prices less than those specified. The sales were charged to constitute “in-

fringement" of the patent and the seller was charged to be an infringer as though no license ever existed.

Indeed, it is quite obvious that the question involving the legality of an attempted restriction on a patented article after it has been sold and the price paid therefor could not have arisen under the charge of infringement unless the defendant in each of those cases had, according to the patent owner's argument at least, stood in the shoes of an infringer who was not vested with the immunity from suit incident to a license.

Thus, on analysis, respondents predicate their hope of having this Court refuse a review of this case upon an argument which has been persistently made and consistently rejected by this Court.

Thus, every type of restriction heretofore considered by this Court attempted to be attached by the patent owner to the patented device after its sale, by means of the patent, has been invalidated, because of the fact that when the patentee or his licensee has exercised the right to "vend", the patented device is no longer within the monopoly of the patent. And each such attempt has been characterized as an attempt to extend the patent monopoly in a manner unwarranted by the statute.

2. Respondents likewise assert (Brief, p. 5):

"restrictions on the use of patented articles, imposed by the patentee, or by a licensee having an unrestricted right to sell the patented article, and brought to the knowledge of the vendee at the time of the sale, have been uniformly upheld by this and the lower Federal Courts."

With this we flatly disagree, as has this Court in all of the decisions cited in the petition. The decisions of this

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Court cited by respondents in support of this assertion completely contradict the assertion; and it is because of the erroneous interpretations thereof by the lower Courts, which are so wholly inconsistent with the decisions of this Court, that the petition for writ of certiorari is so earnestly urged. And it is indeed remarkable that respondents here can so obviously ignore, and the Courts below can so casually sweep aside as mere *obiter dicta*, the express statements of this Court (in *Bauer v. O'Donnell*, 229 U. S. 1; and *United States v. General Electric Co.*, 272 U. S. 476) which so flatly contradict the assertion of respondents on which is predicated the hope of preventing a review of the present case by this Court.

3. With respect to point 3, we merely desire to comment upon respondents' attempt (Brief, p. 8) to differentiate the present case from the authorities cited in petitioner's brief by the statement that

"Each of these cases involved intervening adverse rights of the defendant or some third party. In the present case there are no such intervening rights."

In making this assertion respondents must, of course, ignore the intervening *public* rights which this Court stressed in *Webster Electric Co. v. Splitdorf*, 264 U. S. 463, 472, and as to which, of course, respondents have no answer. As this Court has often stated (e. g. *Motion Picture Patents Case*, 243 U. S. 502), the public interest

"is more a favorite of the law than is the promotion of private fortunes."

It is earnestly urged that the petition for writ of certiorari be granted.

Respectfully submitted,

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EPHRAIM BERLINER,
Of Counsel.